

Entrepreneurial Characteristics

Did you hear the one about the kid who dropped out of high school to start a new business and is a multimillionaire today? It has happened a few times (John W. Sleeman, founder of Sleeman Breweries, was a high-school dropout, for example). But by far the most common way to achieve financial success is by developing your entrepreneurial characteristics and skills through education, hard work, and planning.

There is a route to entrepreneurial success, but it is not an easy one, and not everyone wants to take it. Not everyone is entrepreneurial. Many people are comfortable working for others, and they look for stability and security. Other people are driven to make changes. It is these people who become entrepreneurs. All entrepreneurs possess similar characteristics. They are risk takers, and they are perceptive, curious, and imaginative. They are persistent goal setters who are hardworking. They are self-confident, flexible, and like to be independent. You must possess at least some of these characteristics to succeed.

Risk Taker

If you had \$50 000, you could do several things with it. You could buy a new car with the money. You could give it to charity. You could invest in Canada Savings Bonds or other safe investments, or you could invest in areas that are less safe. Risky investments often promise better financial rewards than safer investments. With risky investments, however, you could lose all your money.

Entrepreneurs often take on a high degree of risk. Because there are no “sure things” in business, every business faces risk. A failed business can mean bankruptcy for its owners, leaving them with few or no business and personal assets. Not everyone can cope with this stress.

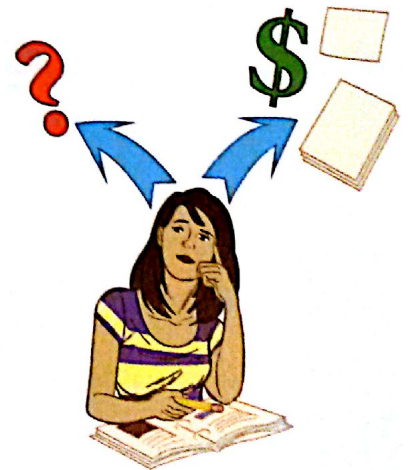
Successful entrepreneurs minimize and manage risk. Business owners research opportunities to be sure they have covered all the potential problems. Some risks are simply unacceptable. For example, it would not be acceptable to bet all your business capital on a horse race or at a casino. In these examples, financial success depends only on luck. On the other hand, if you have a plan to produce and distribute a product you know people will buy, starting a factory to manufacture this product

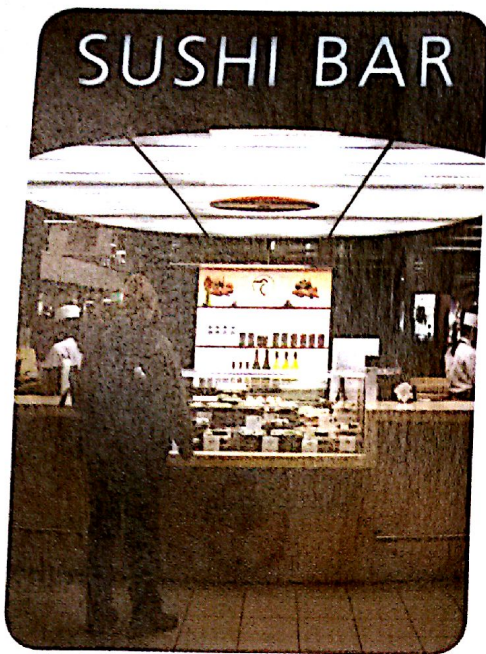
Keep in Mind

1. risk taker
2. perceptive
3. curious
4. imaginative
5. persistent
6. goal-setting
7. hardworking
8. self-confident
9. flexible
10. independent

Before You Begin

Other than capital, what do you think it takes to start your own business? Name a few characteristics and skills an entrepreneur should have. Do you have any of these characteristics and skills?





What risks does this entrepreneur face?

is an acceptable risk. If you've done the research and acquired the knowledge and skills to make the factory efficient, there's a good chance you'll be able to earn a profit on the money you've invested.

Perceptive

Entrepreneurs do not avoid problems. Instead, when faced with problems, they welcome them as opportunities or challenges. During the mid-1980s, Canadian soft-drink manufacturer Cott Corporation had a problem. How could it hope to compete with Coca-Cola and Pepsi, the two giants in the soft-drink industry? Gerald Pencer, Cott's entrepreneurial CEO, was very perceptive. Research indicated that soft drinks were one of the biggest selling items in supermarkets. Pencer decided to develop Cott as a **private-label** bottler. Cott contracted with supermarkets and other retail stores to provide a variety of soft drinks that could be packaged under the retailer's brand, such as President's Choice at Loblaws or Master Choice at A&P. Cott's product challenged Coca-Cola and Pepsi by developing a whole new method of distribution—one that allowed retailers to make more profits by offering consumers a much cheaper soft drink. Today, Cott is the world's largest retailer brand/private label soft-drink provider.

Curious

Entrepreneurs like to know how things work. Before American Ray Kroc, founder of the McDonald's fast-food franchise, got into the restaurant business in the 1950s, he worked as a salesperson. One of the products he offered was a multimixer, a blender that could make five milkshakes at a time. Two of Kroc's customers, the McDonald brothers, ordered many of these machines. Kroc wondered why. Instead of simply sending out the order, Kroc decided he needed to see what kind of restaurant used so many mixers. When he saw the restaurant in operation, Kroc immediately perceived that the McDonald brothers had a formula for producing good, inexpensive food. They had created a kind of food assembly line that could deliver meals to customers in a matter of minutes. Kroc suggested that he could open additional restaurants for the McDonald brothers and translate their "fast food" concept into a business



Ray Kroc smiles for the camera while proudly displaying a McDonald's hamburger.

venture. In 1961, he bought out the McDonald brothers. Ray Kroc's curiosity made him a very successful businessperson—his McDonald's restaurant chain spread throughout the United States and, eventually, the world. He was a leader in the development of the modern franchise system.

Imaginative

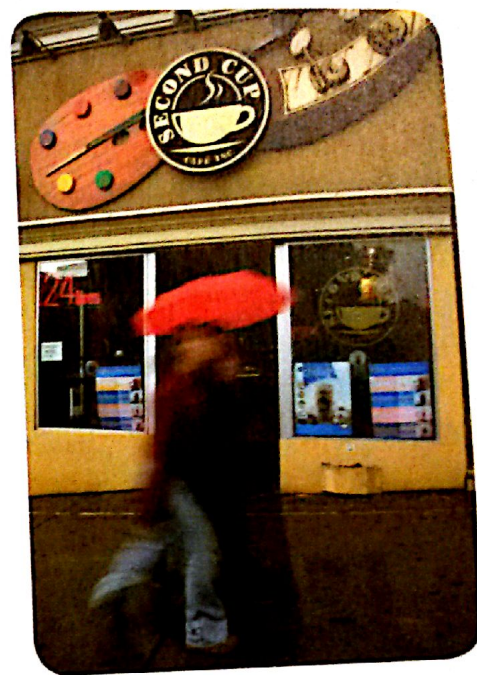
Entrepreneurs are creative. They imagine solutions to problems and create new products or generate new ideas. Entrepreneurs have a vision. As a young boy, T.P. Phelan sold newspapers to train and steamship travellers in 1883. He saw that the travellers who bought his papers were always looking for someplace to eat. He opened a small newsstand and lunch counter on one of the steamships, which was very successful. He continued to expand the service to other ships and eventually formed the Canadian Railway News Company. That rather unwieldy name was shortened much later to Cara Operations Ltd.—owner of Harvey's, Swiss Chalet, Kelsey's, Second Cup, and numerous other restaurants and catering businesses.

Persistent

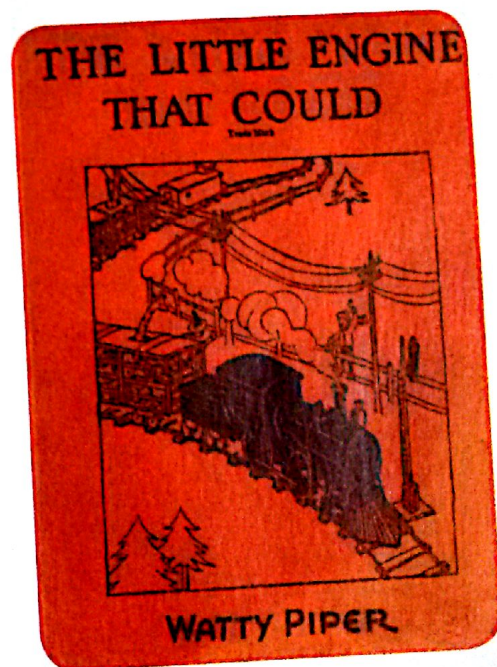
Rarely is a new venture successful right away. Often, dealing with bureaucracy, making mistakes in the market, confronting criticism, and having money, family, or stress problems are part of the entrepreneurial experience. Many people would say "Enough!" and give up. True entrepreneurs stick with their ideas until they're sure they've tried everything to make the venture work. The famous children's story *The Little Engine That Could* serves an example of the quality of persistence.

Goal-setting

For many entrepreneurs, one success may not be enough. In fact, entrepreneurs are often motivated primarily by the excitement of starting a new venture. They set a goal, then develop a venture to achieve that goal. Once the goal is achieved, a new goal needs to take its place. Most often, setting a new goal means starting a new venture. Manoucher Etminan, the founder of Manoucher's Bread, an upscale bakery in Toronto, was an amazing success in the Toronto area. Not satisfied with having achieved his initial goal, he decided to open new markets—in Europe!



Canada's Second Cup is owned by Cara Foods.



To be successful, entrepreneurs need to exhibit persistence and perseverance; qualities exemplified by *The Little Engine That Could*.

Business Fact

The *Globe and Mail's* Report on Business in 2006 named EnCana as the Top Canadian Company for the third year in a row. EnCana is a natural gas company that exploits "tight" natural gas reserves. These reserves are in hard-to-get-at pools that, if tapped successfully, produce a slow but steady stream of energy. They continue to produce far longer than other, easier-to-access gas reserves. EnCana made almost \$3.5 billion in profit in 2005.

E-ACTIVITY

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The tailfin of a Virgin plane

Hardworking

Entrepreneurs see the task in front of them, but do not let hard work deter them. During the Christmas season, for example, a retailer may work 16 hours straight for days in a row. If a new plant is opening or a special order needs to be filled, a factory owner may not get home for days. To succeed, entrepreneurs need a great deal of energy. J.M. Schneider, the founder of Schneider Foods, worked in a button factory all day and made his famous sausages long into the evening after he got home from work, to satisfy the growing list of customers for his delicious products.

Self-confident

Entrepreneurs believe in themselves. In order to take risks and work so hard, entrepreneurs must be certain their ideas are worth the effort. Doubts may exist, but the self-confidence of entrepreneurs takes care of these doubts. Can you imagine how much self-confidence it took for Sir Richard Branson, the founder of Virgin Records, to start Virgin Airlines?

Flexible

There are no sure things in business. The only thing an entrepreneur can count on is that things will change, sometimes for the better, sometimes for the worse. A true entrepreneur looks at change as an opportunity. He or she must be flexible in order to adapt to changing trends, markets, technologies, rules, and economic environments. As the popularity of videotape declined and the demand for DVDs increased, flexible video rental businesses were able to change over to the DVD format and capitalize on the new trend.

Independent

The most common entrepreneurial characteristic is the desire for independence. Entrepreneurs do not like to be told what to do. They need to control their own lives and make their own decisions. People with an entrepreneurial personality find it hard to work in a controlled environment. As a result, they would not likely enjoy working on an assembly line or in the military.

Entrepreneurs' need for independence helps them achieve their goals. No one possesses exactly the same characteristics.